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# PRESS RELEASE



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## **MIDDLE CLASS ON LIFE SUPPORT? Strategies To Bolster Southern California's Middle Class The Focus of SCAG'S 10<sup>th</sup> Annual Regional Economic Forecast Conference**

**ONTARIO, CALIF.** – An eroding manufacturing base, stagnating incomes and ever-increasing housing costs have greatly impacted the Southern California's middle class. But today, a series of strategies and proposals to improve the middle class' prospects were featured at SCAG's 10<sup>th</sup> Annual Regional Economic Forecast Conference at the Ontario Convention Center. The primary goal of the conference, moderated by noted economist Dr. John Husing, was to bring together the region's leaders to focus on public policy, economic development, housing and other means of improving the future outlook for Southern California's middle class. Nearly 200 local elected officials and staff, public agencies, private sector executives and academics were on hand as experts reported on the region's economic future.

The economic forecasts released today are the only projections that focus on the short-term economic outlook (2007-2008) for the entire region (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties). They indicate the increasing trend of job creation in the goods movement and high technology service sectors but also noted the "housing squeeze" facing so many Southern Californians with housing prices outpacing income.

"The job market continues to grow, but only 15 percent of people on the coast and 30 percent in the Inland Empire can afford to own a home," said Gary Ovitt, San Bernardino County supervisor and SCAG first vice president.

Dr. Anil Puri, economist at Cal State University, Fullerton, framed the discussion by providing some definition to the middle class, which he characterized as those between 80 percent and 120 percent of the national median income of approximately \$46,000. Puri was then followed by a series of public policy and business leaders who provided various strategies for bolstering the future prospects of Southern California's middle class.

State Senator Tom Torlakson indicated that 120,000 high-paying construction jobs will be created by the recently approved transportation bonds and stressed the importance of more directly linking the state's educational system to its long-term economic development strategies.

SCAG Executive Director Mark Pisano and 2006 Southern California Leadership Council co-chair Robert Wolf both stressed the importance of making the business case in policy decisions to demonstrate clear returns on public and private investments. One key investment emphasized today is in bolstering the region's goods movement infrastructure network – with a parallel effort to address the environmental and community impacts of goods movement – as a way to create nearly one million high-paying jobs in the logistics industry.

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Wally Knox, former state assemblymember and director of the Institute of the Middle Class, stressed that distribution, finance and other industries must be cultivated to replace the lost heavy manufacturing jobs, and he called upon state and local governments to eliminate existing tax disincentives to business development. Michelle Johnson of KB Homes discussed how land values, fees and other various factors impact the cost of housing construction and indicated that in-fill, higher density and master plan communities can provide homebuyers with more affordable options. Orange County Business Council President Lucy Dunn described infrastructure enhancements, vocational training and workforce housing development as the core economic development strategies being employed in Orange County. San Bernardino Community College District Chancellor Don Averill discussed the need to bolster adult education and workforce training programs.

According to Dr. Lisa Grobar, economist with California State University, Long Beach, Southern California's employment growth will continue to outpace the nation in terms of economic growth, although it may be slowed somewhat by a cooling housing market. In 2006, job growth occurred in every part of the region, but the Inland Empire had the largest percentages of growth. Further, the region's manufacturing sector is continuing to shrink, having lost more than 180,000 jobs from 1999-2006.

Despite the bad news on the manufacturing side, the forecast indicated that the overall regional economy will continue to grow, creating more than 200,000 new jobs, although economic growth will be at a slightly slower pace than in 2006. Broken down into sectors, this projected growth includes:

- Professional and business services - 47,000 jobs
- Leisure and hospitality - 38,000 jobs
- State and local governments - 32,000 jobs
- Logistics - 27,000 jobs
- Education and health - 26,000 jobs
- Financial activities - 11,000 jobs
- Information services - 11,000 jobs

**[Editor's Note: For more detailed data on a county basis or additional information as well as to receive a copy of the Regional Economic Forecast for Southern California, call Jeff Lustgarten or Dan Witzling of Cerrell Associates at 323/466-3445.]**